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Egypt and the Arab States: Reintegration Prospects

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An Intelligence Assessment

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*NESA 86-10031
June 1986*

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Egypt and the Arab States: Reintegration Prospects

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An Intelligence Assessment

This paper was prepared by [redacted]
Office of Near Eastern and South Asian Analysis. It
was coordinated with the Directorate of
Operations. Comments and queries are welcome and
may be directed to the Chief, Arab-Israeli Division,
NESA [redacted]

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**Egypt and the Arab States:
Reintegration Prospects**

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Key Judgments

*Information available
as of 16 May 1986
was used in this report.*

Near-term prospects for Egypt's formal reintegration into the Arab League are poor. Cairo's continued isolation will sharply limit President Mubarak's ability to pursue independent or pro-Arab policies that conflict with US and Israeli interests. In the unlikely event a formal reintegration were to occur, it would probably make Cairo less receptive to US influence and would have the potential to undermine US-Egyptian military cooperation. On the other hand, the United States could benefit to the extent reintegration of Egypt helped strengthen the moderate Arab camp and positioned Cairo to broker future Arab-Israeli contacts.

Syrian intransigence will be the major stumblingblock to reintegration as long as Damascus remains outside the Middle East peace process. President Mubarak almost certainly will not bow to radical Arab demands that Egypt repudiate the Camp David accords and its relations with Israel as the price of readmittance. Recent setbacks in the peace process—in particular the demise of the Egyptian-supported Jordanian-PLO agreement—have robbed Cairo at least temporarily of a role that would allow it to burnish its Arab credentials and help end its isolation moderate Arab leaders appear

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unlikely to follow Jordan's example of breaking with the Arab consensus and unilaterally renewing ties. Except in Oman, Sudan, and Somalia—states which never broke relations with Cairo—Egypt's relations with most Arab states are handled through large interest sections that function as embassies in all but name. Egypt has no official presence in the radical states, including Libya and Syria.

Despite the lack of formal ties, Egypt will continue to make progress in its informal relations with other Arab states. Since 1979 the pace of its bilateral contacts with the moderate Arabs has quickened through exchanges of high-level visits and cooperation in trade and regional security issues. Egypt also has been readmitted to the Islamic Development Bank and the Islamic Conference Organization.

A return to the Arab camp—or even renewed bilateral relations with another Arab state—would be highly popular with most Egyptians and would reinforce Mubarak's political position as he tackles mounting

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domestic woes, including intractable economic problems and reduced public confidence in his leadership. Mubarak, however, will continue to insist that the Arab states take the initiative. For reasons of national pride and prestige, an Egyptian diplomatic offensive for restored ties is highly unlikely.



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Figure 1
Egyptian Diplomatic Representation in Arab Countries



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Egypt and the Arab States: Reintegration Prospects

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The Arab League states reacted harshly to Egypt's separate peace with Israel in March 1979 by adopting a series of punitive measures against the Egyptians. Among these were:

- Severance of diplomatic relations.
- Imposition of an economic boycott.
- Termination of financial assistance from the Gulf states.
- Suspension of Egypt's membership in the Arab League and affiliated organizations.

These sanctions were implemented by all League members except Sudan, Somalia, and Oman—which never broke relations—and led to drastically curtailed official and, to a lesser extent, informal contacts between Egypt and the Arab world. President Sadat reacted with angry defiance, publicly lambasting the “ungrateful” Arabs for their rejection of his peace efforts. Sadat steadfastly refused to work for a restoration of Cairo's Arab ties at the expense of Israel and the peace agreement.

Since assuming power in October 1981, President Hosni Mubarak has adopted a more conciliatory approach than his predecessor. He has worked quietly to end Cairo's isolation by emphasizing Egypt's long-standing support and sacrifices for Arab causes—particularly Palestinian rights and the Iraqi war effort against Iran—while criticizing Israeli actions in Lebanon and on the West Bank. At the same time he has maintained Sadat's adherence to the Camp David accords and the peace treaty with Israel as key elements of Egyptian foreign policy.

Mubarak's two-pronged strategy has paid dividends. In November 1983 Egypt was elected—with Saudi acquiescence and overt support from some Gulf states—to a UN Security Council seat, and the following February Cairo was reinstated in the Islamic Conference Organization. Since then, it has been invited to rejoin the Islamic Development Bank (February 1985) and a few lesser organizations such as the Arab Sports Union (August 1985). The pace of

bilateral contacts with moderate Arab states has quickened through exchanges of high-level visits and cooperation in trade and regional security issues. We believe these contacts have helped lay a solid groundwork for more formal ties.

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Nonetheless, Cairo has a long way to go. Opinion in the Arab world varies considerably on the issue of Egypt's reintegration, according to Arab press and US Embassy reports, and Egyptian officials no longer predict optimistically that formal rapprochement is imminent. Despite its improved informal contacts, Egypt remains suspended from the Arab League, and only Jordan has restored full diplomatic relations with Cairo. Embassy reporting indicates that, even though formally readmitted to the Islamic Conference Organization, Egypt remains on the fringes of its power structure and cannot thwart radical machinations within the organization.

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Mubarak and Reintegration

Mubarak publicly shows little concern about Egypt's reintegration prospects.

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Although he would welcome a resumption of ties, Mubarak insists that the Arabs must take the initiative without preconditions. To encourage the Arabs to act, he has indicated clearly that Egypt would not regard renewed ties by any Arab state as a tacit recognition of the Camp David accords.

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US Embassy reporting and press commentaries indicate they resent their political isolation and believe it denies them the formal status they are due. [redacted]

[redacted]

An official return to Arab good graces would offer both Egypt and Mubarak a number of advantages, including:

- A strong boost both for Egypt's prestige and Mubarak's status as a leader.
- Enhanced opportunity to influence events in the Arab world and resume a leadership role.
- The possibility of additional income in the form of increased trade, investments, and aid.
- Reduced vulnerability to regional crises and scheming by radical Arab states.
- A public vindication of Cairo's commitment to Middle East peace negotiations consistent with and based on its treaty with Israel. [redacted]

We believe a return to the Arab camp—or even renewed diplomatic relations with one or more important Arab states—would be highly popular with most Egyptians and would boost Mubarak's confidence and public support as he tackles domestic economic problems.¹ [redacted]

[redacted] Mubarak would benefit significantly from a diplomatic triumph that would boost his political fortunes [redacted]

[redacted]

In our view, a formal rapprochement with the Arab mainstream would be especially well received among those groups most critical of Mubarak. The largest opposition forces—the Muslim Brotherhood and other Islamic fundamentalist groups on the right and the

[redacted]

loosely organized Nasirite left—have all advocated closer ties to the Arabs. We believe Mubarak would be best served by a rapprochement undertaken at Arab initiative because this would justify Egypt's inherent sense of indispensability in Arab councils and bolster his position as an Arab leader. [redacted]

Several factors argue against Egypt's undertaking diplomatic initiatives specifically aimed at gaining readmittance. A visible Egyptian public relations offensive to woo Arab support would not be well received by the prideful Egyptian public. [redacted]

[redacted] many Egyptians have become tired of unrewarded efforts to play up to their fellow Arabs—particularly the PLO—and to support Arab causes and believe that the Mubarak government should focus instead on what they consider legitimate Egyptian interests such as the faltering economy. [redacted]

Mubarak is unlikely to initiate such policies for fear of visible failure and embarrassment that could further erode his political support. Embassy and press reporting indicates that the recent spate of setbacks has heightened Mubarak's sensitivity to crises that could focus popular discontent on his leadership and has reinforced his natural tendency toward caution.

[redacted]

Obstacles to Reintegration

Poor Summit Prospects

Formal reintegration into the Arab League would require the consensus of the membership at an Arab summit meeting, but near-term prospects for such a gathering—the next is to be held in Saudi Arabia—are dim. According to Embassy reports, Riyadh views such meetings as opportunities to shore up Arab unity by seeking to heal inter-Arab strains. The highly cautious Saudis, however, are unlikely to convene a

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summit meeting as long as they believe widening conflicts in the region and hardline opposition will prevent a successful outcome. []

[] An extraordinary summit meeting held last August in Morocco accomplished little because of the absence of several key states, according to the US Embassy in Rabat. Another meeting called in early May 1986 after the US attack on Libya never even convened for lack of an agreed agenda. []

Even if a summit meeting were convened this year, we believe that the custom of consensus decisionmaking would allow the Syrian-led hardliners to veto any action on Egypt's reintegration that was backed by the moderate majority of Arab states. Tentative efforts by Jordan and other moderate states to change the consensus requirement and adopt majority rule in the Arab League are unlikely to bear fruit. Consensus remains popular because it offers protection for the weak against pressure and threats of retaliation by the powerful. We believe the smaller states view the need for such protection as especially great when divisions within the region run deep and there is no strong state or combination of states that can build a dominant coalition. Egypt is best suited to build such an alliance, but it needs to be readmitted first. []

Radical Opposition

We believe Egypt's return to the Arab fold would be anathema to the Syrian and Libyan hardliners. Although President Assad has claimed that Syria supports Egypt's reintegration, we believe he will go to considerable lengths to keep Cairo out. A strengthened moderate coalition led by Egypt would challenge Syria's claim to leadership in the Arab world and further isolate it along with Libya. Of all the Arab states, Syria felt the most betrayed by Egypt's peace with Israel. In our view, Damascus continues to believe that Cairo's peace move left Syria alone in the war against Israel and amounted to the desertion of an ally. []

President Assad appears to have put a high price on improved ties to Egypt, fully recognizing that Mubarak cannot pay it. []



Figure 2. Mubarak and Iraqi President Saddam Husayn. []

Moderate Ambivalence

Most moderate Arab leaders appear increasingly eager—at least in private—for Egypt to return to the Arab community, according to press statements and US Embassy reports. At different times the Iraqis, the Algerians, the North Yemenis, the Saudis, and the Gulf states have told Egyptian officials that they would welcome such a move. In our view, these states would welcome the support a reintegrated Egypt would bring to the moderate element in inter-Arab deliberations. []

We believe the moderates fear the regional consequences of an unstable Egypt and might endorse reintegration if they saw it as essential to strengthening Mubarak's hold on power. []

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[redacted] Iraqi Minister of Foreign Affairs Tariq Aziz visited Cairo in early March to reassure Mubarak of Baghdad's continued support, according to US Embassy analyses. The Saudis for the first time issued public statements in support of Cairo/

Private expressions of support for Egypt, however, have not been matched by public efforts in Cairo's behalf. Although the moderates universally favor Egypt's return through a consensus vote in the Arab League, according to reporting from US Embassies, none is willing to risk trouble with other Arabs by raising this issue publicly. Nor are Egypt's efforts to prod moderate regimes into unilaterally renewing ties to Cairo likely to bear fruit. Steadfast Egyptian backing of Arab causes and extensive economic and military ties to the moderate Arabs have helped reinforce Cairo's Arab credentials and reduce its isolation. This support is increasingly being taken for granted by the moderates, especially Iraq, who see little more to be gained—and much to be lost—by breaking with the consensus and unilaterally recognizing Egypt. [redacted]

[redacted] Embassy analyses indicate that, in the past, Cairo has accused the Saudis of deliberately working to prevent Egypt's reintegration in order to preserve an Arab leadership role for themselves and avoid provoking Damascus. More recent Embassy reporting suggests these accusations have been overly harsh and indicates that Riyadh has taken steps to shore up the bilateral relationship and to boost Mubarak's confidence. [redacted]

Nonetheless, we believe the Saudis will follow—not lead—the Arab consensus to end Cairo's diplomatic quarantine. Only ironclad assurances of support from Syria—which we consider highly unlikely in the foreseeable future—would prompt them to champion



Figure 3. Mubarak meets with King Fahd in Riyadh. [redacted]

openly Egypt's reintegration. We believe Saudi passivity also will discourage the other moderates from unilaterally recognizing Egypt as Jordan did in September 1984. Most of the smaller Persian Gulf states are inclined to follow Riyadh's lead on this matter, and Iraq—dependent on Saudi aid and reluctant to break the consensus—is unlikely to challenge the Saudis. [redacted]

Overcoming Isolation: Ties That Bind

Despite these obstacles, we expect Egypt to continue searching for ways to underscore its regional importance and to strengthen existing ties in hopes of laying the groundwork for an eventual Arab reintegration effort. We also expect Cairo to continue looking for issues that demonstrate Egypt's "indispensability" as a leader of the Arab world. Since 1979 Egypt has employed a number of vehicles—including bilateral economic and commercial relations and security cooperation initiatives—to reduce its isolation. [redacted]

Indeed, Egypt's ties to the Arabs were never completely severed. Cairo retains diplomatic links to most other Arab states through large interest sections that

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Figure 4. Mubarak greeting PLO Chairman Arafat. [REDACTED]

function as de facto embassies and which are headed by professional diplomats, many of whom carry the personal rank of ambassador. Discreet diplomatic contacts began almost immediately after the initial storm of anti-Camp David emotions cooled. [REDACTED]

The Peace Process

We believe that an active and visible role in the peace process—coupled with staunch support for Palestinian rights—remains the most promising vehicle for easing Egypt's return to the Arab League. We believe Egypt intends to play a major role in future peace negotiations, no matter how they evolve. In our view, Mubarak also hopes that progress on this issue will demonstrate to the Egyptian people that Camp David was a necessary precursor to the process and not a separate peace. [REDACTED]

Mubarak has too much prestige invested in the search for a comprehensive Middle East peace to abandon the effort, but we believe his ability to move the process will be constrained by several factors. On the domestic side, we expect him to become increasingly preoccupied with shoring up Egypt's faltering economy and coping with political challenges from Islamic fundamentalist groups seeking to exploit popular discontent. [REDACTED]

Jordan Renews Ties: Egypt's Only Breakthrough

Egypt's reintegration effort received its most substantial boost when King Hussein of Jordan restored relations with Cairo in September 1984. We believe Hussein had long been convinced that Egypt must be brought back into Arab decisionmaking to strengthen the position of the Arab moderates in the peace process. He calculated that resuming diplomatic relations with Egypt would increase his leverage against Syria and enlist Mubarak's backing for his effort to forge a Jordanian-Palestinian peace strategy. For Mubarak, the Jordanian initiative offered Egypt a role in building a new Arab majority against the rejectionists and an opportunity to earn reacceptance into Arab ranks. It also helped vindicate Egypt's policy of adhering to the peace treaty with Israel and refusing to accept preconditions for the restoration of Egyptian-Arab ties. [REDACTED]

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Since the restoration, bilateral relations have flourished, according to Embassy reporting. Mubarak and Hussein have met nearly a dozen times. In addition, they confer frequently by telephone to exchange views on Arab issues and coordinate policies toward the peace process. These contacts are covered extensively in the Egyptian media. [REDACTED]

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Recent consultations between senior Egyptian and Jordanian officials have produced bilateral cooperation agreements in such areas as trade, communications, transportation, and labor exchanges. The political implications of these agreements, however, appear more important than their substance. Trade prospects have been inflated in press reports—the \$250 million target set for 1986 appears particularly unrealistic, given the roughly \$18 million level achieved in 1984—but commercial relations help identify and reinforce common interests. [REDACTED]

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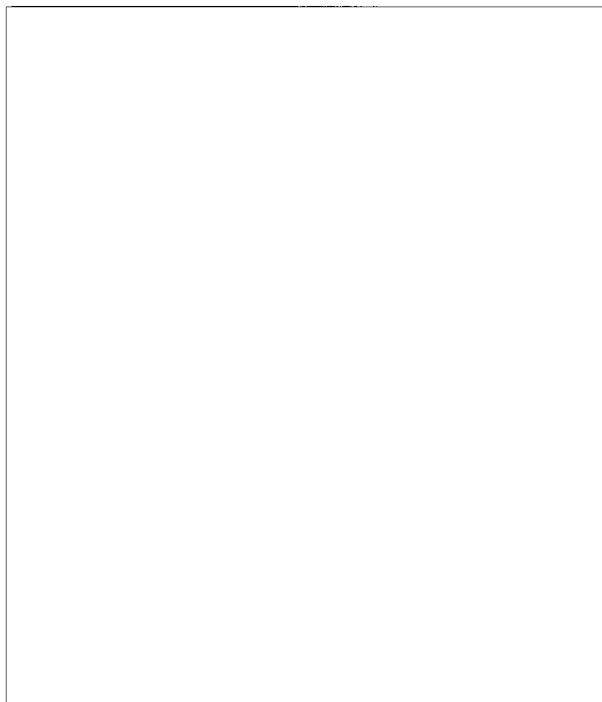
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Figure 5. Mubarak and King Hussein. [redacted]

Regionally, prospects for new initiatives appear bleak. We believe Mubarak will not risk exposure by floating peace initiatives on his own, preferring instead to act in the safer role of broker while others take the lead. According to Embassy reporting, Mubarak had hoped that renewed ties to Jordan would permit him to play such a role. The collapse in February 1986 of the Jordan-PLO dialogue—which Egypt actively championed—appears to have dealt a serious blow to Cairo's hopes of a breakthrough. Even King Hussein has become skeptical that Egypt has any real role to play, according to US Embassy officers in Amman. The Embassy's contacts claim Hussein has become especially frustrated with Mubarak's apparent inability to parlay his staunch support of Arafat into leverage over the wily PLO leader. [redacted]

Economic Relations

Active economic contacts have helped blunt the effects of the 1979 sanctions against Egypt. Although Arab aid to Egypt has remained suspended, trade levels and commercial contacts have increased, according to press and US Embassy reports and at least one major US academic study. In addition to Jordan, Egypt has signed economic and technical agreements with Iraq. Trade officials travel frequently between the two countries, and bilateral cooperation has become substantial in such areas as labor, youth, and cultural affairs. In July 1983, for example, Cairo and



Baghdad signed a technical cooperation protocol on irrigation. Six months earlier, an Egyptian delegation visited Iraq, Jordan, Kuwait, the United Arab Emirates, and Qatar to promote trade. The US Embassies in Cairo and Baghdad estimate that approximately 2.2 million skilled Egyptian expatriate workers—a major source of foreign earnings—are employed in the Arab states. [redacted]

Despite the increased economic contacts, Egypt's ability to strengthen economic ties to its Arab neighbors will be limited, in our view, because the Arab states are not natural trading partners. In addition, Egypt's expatriate workers probably will return home in increasing numbers as the oil states run short of funds to pay them. Although documentation is sketchy, we believe the economic downturn in the Gulf oil economies has already begun to affect expatriate earnings. Saudi Arabia is attempting to cut its expatriate work force to boost domestic employment, according to US Embassy reporting. [redacted]

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Regional Security Cooperation

We believe that Egypt's expanding military relations with the moderate Arabs—supported by growing arms shipments, [redacted] and more extensive military training—also are calculated to help end Cairo's isolation. [redacted]

Egypt would like to become a center of defense production for the Arab states to bolster its claims to regional leadership, in our view, but it is facing increasingly stiff competition from countries like Yugoslavia that are not afflicted by Egypt's high production costs. In addition, Egypt's Minister of Defense recently told US officials that some Egyptian Air Force technicians in the Gulf have been replaced by Indians and Pakistanis. Nonetheless, Cairo almost certainly intends to exploit improved relations with Kuwait, for example, to secure markets for its defense products and to develop more extensive economic ties.³ [redacted]

Libyan threats to stability in North Africa have encouraged Algeria and Tunisia to mend fences with Cairo. Recent visits by Egyptian presidential envoy Osama al-Baz to Algiers and Tunis have paved the way for increased security coordination among the three capitals, but the opening is likely to have more [redacted]

Egyptian Military Aid to Iraq

Egyptian moral and material support for the Iraqi war effort has probably improved Cairo's reintegration prospects by ingratiating Egypt with Baghdad and the Gulf states, which share common concerns about Iran. Between 1981 and 1983, Egypt sold Baghdad almost \$1 billion worth of military equipment before the Soviets reopened their arms pipeline to Baghdad. The sales consisted largely of ordnance and spare parts for Soviet-supplied equipment but have included at least 50 overhauled Soviet-made T-54/55 tanks. Press reports indicate that Iraq has contracted to buy 80 coproduced Brazilian Tucano aircraft from Egypt—valued at about \$150 million—but we believe deliveries have not yet begun. [redacted]

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political significance than operational substance. [redacted]

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[redacted] in October 1985 Algeria publicly proposed an urgent Arab summit meeting to discuss the issue of restoring relations with Egypt. We believe, however, that neither Tunis nor Algiers is likely to recognize Egypt formally, and substantive improvements—particularly with Tunisia—will vary directly with prevailing levels of apprehension about Qadhafi. [redacted]

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Outlook

We believe Egypt's formal return to the Arab fold is a long way off and anticipate little movement on the issue in the coming months. We expect increasing polarization between Arab moderates and radicals on regional issues to continue to hinder the consensus necessary simply to convene a summit meeting, let alone produce agreement to act on Egypt's behalf. As long as the peace process remains stalled, Cairo will be deprived of its most promising mechanism for achieving a breakthrough. []

Prospects for bilateral recognition of Egypt by individual Arab states appear somewhat brighter, but fears of breaking the Arab consensus will continue to discourage such initiatives. Any bandwagon effect almost certainly would require a quiet nod from the Saudis, which we consider unlikely. Still, we expect Cairo to continue efforts aimed at forging new economic and security ties to the Arab moderates—a trend that we expect will further reduce Egyptian feelings of isolation. []

Egypt realistically can do little to hasten the reintegration process, in our judgment. Mubarak's shaky leadership position and increasing preoccupation with domestic issues will reinforce his tendency toward caution. In our view, he will continue the main lines of his regional policy—publicly minimizing reintegration prospects while staunchly backing Palestinian rights and quietly exploiting opportunities to cement bilateral ties—because he sees no workable alternatives that do not carry an unacceptable risk of failure. []

Alternative Scenarios

Our analysis of King Fahd's recent adoption of bold positions on oil production levels and the Iran-Iraq war suggests he may be embarking on a more aggressive foreign policy course. If he encounters no significant reverses, we believe his willingness to grapple vigorously with difficult regional issues may increase in the months ahead. Although dramatic Saudi action is unlikely, Fahd may endorse Egypt's return to the Arab League if he calculates that Syrian acquiescence can be bought. []

Iraqi setbacks in its war with Iran could provide the incentive for Saudi action. We believe that a string of Iranian military successes against Iraq would force the Saudis to act if Riyadh and the Gulf states became convinced that an Iranian victory were near. Saudi Arabia and the neighboring emirates have long feared the spread of Iran's Islamic revolution and might view Egypt's military strength as the only effective check to Iranian advances. If this scenario were to unfold, we would expect the Saudis and the other moderates to renew bilateral ties to Cairo, bypassing the complications a summit meeting would entail. []

Implications for Israel and the United States

Cairo's continued isolation will sharply limit Mubarak's ability to pursue independent or pro-Arab policies on matters of importance to Tel Aviv and Washington, according to our analysis. It also will undercut his ability to parry domestic and Arab criticism that he is a stooge of Israel and the United States, especially if future crises force him to choose between supporting Arab causes and endangering vital Egyptian interests in peace and US aid flows. []

The effect of an Egyptian-Arab rapprochement on Israel and the United States would depend on how it is accomplished and Mubarak's political health at the time. US policy would be seriously undercut if Egypt returned to the Arab fold by repudiating Camp David and severing diplomatic relations with Israel. Such a move could provoke Israeli annexation of the West Bank and Gaza and would seriously complicate future peace efforts. We believe Mubarak would take this drastic course only as a last resort to protect his domestic political position. As much as he would prefer to preserve relations with Israel, Mubarak would be hard pressed if Tel Aviv were to initiate hostilities or launch a series of unprovoked attacks against an Arab neighbor. []

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On the other hand, a reintegration undertaken on Arab initiative without a renunciation of Camp David would benefit Washington by strengthening the moderate Arabs and possibly positioning Egypt to broker future Arab-Israeli contacts. Mubarak's political fortunes would receive a welcome boost that could have both positive and negative implications. A more secure political position could permit him to be more flexible in attempts to normalize relations with Israel. Reducing his isolation, however, would make him less receptive to US influence, and US-Egyptian military cooperation could suffer if Mubarak concluded that such activity would reduce the benefits of rapprochement. He also might choose to downgrade relations with Tel Aviv to harmonize his policy with public opinion.

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We believe a healthy working relationship with Israel and close ties to the United States are likely to remain pillars of Egyptian foreign policy whether or not reintegration occurs. Mubarak has stated repeatedly that Egypt will adhere to the Camp David accords and that there is no alternative to peace with Israel. Despite a growing anti-Israeli mood among Egyptians, peace is popular, even within the military.

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Although Mubarak, under pressure from fellow Arabs and domestic critics, is eager to reduce his dependence on the United States, he has nowhere else to go for the vast sums—\$2.3 billion last year—necessary to keep the Egyptian economy afloat. We believe that prospects for increased Arab aid in the event of rapprochement are dim, although many Egyptians—including Mubarak—appear to count on renewed financial assistance as a logical outgrowth of restored ties. Between 1974 and 1978, Arab states disbursed \$6.4 billion in economic aid and \$2.8 billion in military aid to Egypt. At present, however, the Gulf Arabs are in the midst of their own financial crisis because of falling oil revenues. In our view, they remain preoccupied with more immediate problems—in particular Iraq's struggle against Iran—and are neither able nor inclined to provide the additional aid Egypt will require.

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